REGIONAL TRADE ANALYTICAL AGENDA

MID-TERM EVALUATION AND ASSESSMENT OF IMPACT

Prepared for:
United States Agency for International Development
Under Contract No. AEP-0085-I-00-6016-00, D.O. 1
USAID Project Number 698-0546.23

Prepared by:
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Table of Contents

List of Acronyms

AFR/SD	USAID, Africa Bureau, Office of Sustainable Development
AFR/SD/PSGE	USAID, Africa Bureau, Office of Sustainable Development, Productive Sector Growth and Environment Division
AERC	African Economic Research Consortium
CARPA	Center for Applied Research and Policy Analysis
CSIR	Council for Scientific and Industrial Research
EATS	East African Transportation Symposium
GIS	geographic information system
GHAI	Greater Horn Of Africa Initiative
HIID	Harvard Institute for International Development
ISA	Initiative for Southern Africa
PARTS	Policy, Analysis, Research, and Technical Support
PIO/T	Project Implementation Order/Technical Services
PVO	private voluntary organization
REDSO	USAID Regional Economic Development Service Office
REDSO/ESA	USAID Regional Economic Development Service Office for East and Southern Africa
REDSO/ANR	USAID, REDSO Agriculture and Natural Resource Office
RTAA	Regional Trade Analytical Agenda
SADC	Southern Africa Development Community
UIA	Uganda Investment Authority
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

SUMMARY

Rarely in an evaluation is there so much agreement at all levels on how a project is unfolding, and rarely is the consensus so uniformly positive. But rarely, also, are the results so dependent on forces yet to unfold, substantially uncontrollable by the United States Agency for International Development (USAID), yet tremendously promising with respect to potential impact. The promise arises from the methodology being used for moving from the definition of the scope of work to policy implementation. To make this flexible and adaptable arrangement more rigid, although perhaps more controllable from USAID's point of view, will probably harm the project. Other than the modifications recommended in the detailed activity sections of this report, the evaluation team believes that the management and implementation of the project should continue in the same vein until the project assistance completion date.

INNOVATIVE APPROACH

The Regional Trade Analytical Agenda (RTAA) represents an innovative approach to the entire applied research and policy analysis process within USAID. The project designers developed, and are implementing, a research agenda established via a lengthy process of soliciting information priorities as they relate to intra-African trade in Eastern and Southern Africa. The consultation process included African policy makers, African businessmen, USAID missions in the region, and Washington, D.C. and USAID Regional Economic Development Service Office (REDSO) staff.

Another innovative approach of this activity is the heavy reliance on African involvement in the research articulation, design, execution, and dissemination process. All of this was done with continual technical support and guidance from the USAID Regional Economic Development Service Office for East and Southern Africa (REDSO/ESA) and USAID, Africa Bureau, Office of Sustainable Development (AFR/SD) co-project managers. The ongoing technical support and nurturing from REDSO/ESA and AFR/SD project managers is also critical to this initiative's success.

EMPHASIS ON PROCESS

What makes this activity special is the emphasis it places on process variables, as opposed to outputs. This distinction is critical. It accounts for much of the difference of opinion that exists within REDSO/ESA regarding the proper contracting mechanism for the activity and the proper role of the project managers. It lies at the root of the concept of development and empowerment, and we return to this issue over and over again in this report.

The special nature of the approach used in this activity raises questions of procurement: why the procurement is made in the first place and what it is intended to accomplish. By focusing on what we are here to do, knowledgeable administrators and contractors can find a way to facilitate the tasks in a way that does not sabotage the goal.

Development and implementation of the RTAA preceded the launching of the Initiative for Southern Africa and the Greater Horn of Africa Initiative. It was the right project in the right place at the right time.

PROCESS OF MOVING FROM POLICY ANALYSIS TO POLICY IMPLEMENTATION

The RTAA's real strength is the approach developed for moving from policy analysis to policy implementation. The methodology begins not with the results of the studies, but with the scope of work for the study to be undertaken. It builds in significant participation by African researchers, technical advisors, and policy makers at all stages, via a workshop format to plan and digest the studies.

The study definition/planning workshops create, early on, ownership in the results by some of the people who need the information to make better policy decisions. The committees contain university researchers, policy makers, and the technicians on whom key policy makers rely. The study review and digestion workshops broaden the base of ownership and create momentum for eliciting and monitoring policy changes.

The workshop format reflects a recognition that African societies are fundamentally oral societies, with special vocabulary to describe the many processes and styles. Oral discussions sometimes carry more weight than written reports. Documents don't always get read. Workshops put the information where it will do the most good - in their heads.

This emphasis on involvement of local researchers, technical support personnel, and policy makers at all levels of the studies carries certain risks. As the digestion and analysis process moves more in the direction of the workshops, participants may end up drawing conclusions and making recommendations that USAID cannot endorse. This is a risk of increasing local participation and ownership in the results.

The emphasis on using Africans to plan and implement the studies, and workshops to digest and develop the implications, probably reduces resistance to the findings of studies on controversial issues, as compared to conventional studies done by expatriates. Using workshops also recognizes that drawing implications is one area where many conventional studies get short changed, under the pressure of report completion deadlines.

One suggestion for improving the diffusion process is to have each author prepare, and the technical committee review and approve, a condensed, simplified version (not just executive summaries) of study results. Such reports should then be distributed to all technical and policy related personnel in all ministries and private organizations affected by the subject matter. Moreover, the process needs to extend into the public domain, through easily readable and widely distributed materials made available to the media.

A second suggestion involves making post-study round-table discussions an integral part of the methodology to promote improvement in the skills of African researchers. Funding for such discussions is in the budget for the Southern Africa study, but not the others. It would need to be added.

AFRICAN INVOLVEMENT AND CAPACITY BUILDING

From the outset of this activity, Africans have been involved in the design, implementation, and dissemination of the analytical agenda. Before it was developed in 1993, the REDSO/ESA and AFR/SD project managers spent several months traveling the region; meeting with African policy makers, among others; and identifying the most important issues relating to regional trade.

To implement the studies, USAID negotiated cooperative agreements with Technoserve and the University of Swaziland. A cooperative agreement is a form of contracting that anticipates close interaction between USAID technical staff and the institutional co-party to the agreement. Therefore, it is ideally suited for developing local capacity and nurturing professional relationships with nascent African businesses and researchers. It also provides flexibility in contracting and facilitates the targeting of key individuals who are either exceptionally capable, demonstrably reliable, or central to the policy making process.

Under the cooperative agreement, Technoserve and the Center for Applied Research and Policy Analysis (CARPA) contract with African researchers and work with REDSO/ESA, AFR/SD, the USAID missions, and the designated research coordinator to refine the terms of reference and supervise execution of the various studies.

Through their RTAA work, African firms and institutions are developing an analytical and policy lobbying capacity of their own. The deep involvement of The Management Center in the execution and diffusion of the transport study has enabled it to market itself with special expertise in transportation economics and transportation policy. The University of Malawi's Agricultural Policy Research Unit is gaining expertise in using and maintaining a geographical information system through its involvement in the comparative advantage study. These capacities, if properly exploited, can contribute to the sustainability and commercial viability of these institutions.

Participation in the studies by African policy makers and technical advisors is also significant. The more recent studies carried out under the research agenda typically are guided by country technical/coordinating teams comprised almost entirely of Africans. Moreover, the coordinating committee, its collaborators in government and the private sector, and interested analysts in other institutions often provide the local constituency for discussing, scrutinizing, and disseminating the findings and recommendations of the studies.

The researchers are feeding information into national and regional policy debate fora that were not previously accessible. Moreover, by providing opportunities for contract work in the region, the RTAA is reducing the opportunity cost of remaining in the region for well-qualified African researchers, tempering the brain drain that keeps sabotaging donor efforts to build local capacity.

QUALITY OF IMPLEMENTATION BY TECHNOSERVE AND UNIVERSITY OF SWAZILAND

Technoserve's performance appears to be quite good for virtually all the activities. Technoserve's administrative, financial, or logistical support to researchers or sub-contractors engendered only praises and no complaints. Virtually all of Technoserve's subcontractors commented positively on the critical technical support provided by it and USAID, REDSO Agriculture and Natural Resource Office (REDSO/ANR) and AFR/SD, and the mutual respect in the exchange of ideas and information. Most noted that the final decisions were usually left up to Technoserve. The only negative comments we heard were that is a bit too severe in forcing adherence to the terms of reference of the studies and a bit too stingy with USAID's money. Probably, Technoserve's only drawback is that it is a U.S. private voluntary organization (PVO). However, all its logistical and technical personnel are Kenyan, and they did all the work in which Technoserve has been involved. It is difficult to see what more can be expected from Technoserve.

What we found for CARPA was as positive as for Technoserve. Country researchers felt the technical support CARPA provided was timely, good, and respectful of their points of view.

One issue that needs to be flagged now is the list of studies in the University of Swaziland cooperative agreement. CARPA is not clear on whether it is responsible for two of the studies. RTAA managers need to clarify this with CARPA.

QUALITY OF MANAGEMENT BY USAID

The cooperative agreement contractors and subcontractors and the African nationals with whom we spoke agree that the USAID involvement has been helpful, skillful, and welcomed. Most commented that the outcome might have been different had that support not been there, or if it had been provided by individuals less skillful in managing people. Our own experience with the USAID project managers confirms this.

There seems to have been a division of labor between REDSO/ESA and AFR/SD regarding their geographical emphasis; REDSO/ESA concentrated on Technoserve, and AFR/SD on the University of Swaziland. It might be desirable to mix their oversight. CARPA and Technoserve would benefit from occasional meetings to share what each other is doing, especially given the nature of the diffusion process being used by the project and the nature and purpose of the cooperative agreements.

The outlook for the future for the Regional Trade Initiative is promising as long as the activity continues to benefit from the leadership it has had to date. It is not easy to find Americans who can do this kind of work successfully. This, more than anything, may limit the replicability of the success of this type of activity.

CONTRACTING PROCEDURES AND RELATED ISSUES

It appears that REDSO/ANR used the correct procedures in making a noncompetitive award for a Cooperative Agreement with Technoserve to undertake a studies for the RTAA. Technoserve was considered to have predominant capability for undertaking the analytical activities detailed in the statement of work provided in the Project Implementation Order/Technical Services (PIO/T).

The review considered other nonprofit organizations: the African Economic Research Consortium (AERC), the Harvard Institute for International Development (HIID), and the Agricultural Economics Department of the University of Nairobi. For various reasons, all of which appear valid to us, these organizations were not as well positioned as Technoserve to do the work.

We would argue that the underlying philosophy of the RTAA requires a cooperative agreement rather than a contract. This activity is based on the assumption that who supervises and conducts policy oriented research, and their link to the policy making process, is just as important to the policy outcome as what the study covers. In other words, process is as important, or more important, than product. Rapid and flexible movement towards implementation was made possible by the flexibility included in the Cooperative Agreement. It also facilitated using the same people for pushing implementation who were involved in conducting and analyzing the study. These people know what changes need to be made to policy and operating procedures to accomplish development objectives. That some of these people are the same individuals who make policy in this area is what makes this project’s approach unique.

CONTRIBUTION OF ACTIVITIES TOWARD USAID OBJECTIVES

The RTAA supports REDSO's strategic objectives #2 and #3 by providing regional trade studies and regional trade analyses. The comparative cost of transportation study is aimed at helping

agribusinesses by reducing costs and increasing transportation efficiency, thereby making it easier and more profitable to conduct all trade and business.

It's hard to imagine an activity that contributes more fully to strategic objective #2 than the RTAA, more for how it does what it does than for the specific information that the studies produce. The most recent project implementation review shows that it had met from 50 to 95 percent of its intermediate results targets for most activity indicators as of June 1996. Each results indicator, in turn, contributes indirectly to objectives 1 and 3 of the Greater Horn Of Africa Initiative (GHAI).

The evolving process for digesting and diffusing the results of the RTAA plays into the purpose of Policy, Analysis, Research, and Technical Support Project (PARTS) very well. It addresses directly strategic objectives #3 and #4 of the Initiative for Southern Africa (ISA), and indirectly, strategic objective #2.

The RTAA puts more emphasis on building local capacity and adds two dimensions to the output matrix that require a different approach to how its activities are contracted, executed, and evaluated: who does the study, and how is he/she/it connected to the policy environment we are trying to change. It is in these latter dimensions that the project clearly excels. Whether or not these elements were seen as important from the beginning, they have proven to be significant, and project implementors are now building on the successes these dimensions are promising.

Currently, the results indicators for most of the strategic objectives are inputs to the policy making process rather than outputs. As the studies unfold and the results get discussed and digested, the policy changes that result will become visible. At this time, the entire process has moved sufficiently far along that it is feasible to begin establishing quantitative targets for transport cost savings, savings from more efficient trade, and increases in income from more efficient production and marketing within countries. The indicators will not be able to specify how such savings/income will occur, since that will depend on a policy process that the project does not control. But that reform will be forthcoming now seems assured. All that remains is to make a reasonable estimate of the amount of savings/income that it is reasonable to expect.

CLIENT PERCEPTIONS REGARDING USEFULNESS OF ACTIVITY

In principle, most key informants, whether in government or the private sector, agree that reforms that make trade more efficient are in the best interests of everyone except those who now benefit from the inefficiencies. The reception by governments and regional bodies such as the East African Co-operation given to the study of Comparative Costs of Transportation in East Africa is an indication of the importance they attach to this issue. The comparative cost studies, as well as the structural adjustment analysis for Southern Africa, appear to have been well received by the regional governments. Some of the findings have been incorporated into the recent Free Trade Protocol (August 1996) signed by all Southern Africa Development

Community (SADC) countries, except Angola. The governments in Southern Africa also appear open to receiving and using the results from the studies.

COST-EFFECTIVENESS AND RECOMMENDED MODIFICATIONS

Although the analytical agenda was laid out at the beginning of the study, a great deal of flexibility has been built into the process of implementing it. This is a key strength of this activity: its ability to seize on opportunities to advance policy dialogue as they form spontaneously.

RTAA's approach for moving from study design to policy reform increases cost-effectiveness by consulting with the ultimate consumer in the initial phases of a project to determine what is needed and what will be useful. This increases the chances that the activity's results will actually be translated into effective policies.

For a few of the activities under the RTAA that are farther along, we provide a guesstimate of potential cost savings or production increases. Although we do not have a high degree of confidence that governments will act as we expect, we can say that if many of the various recommendations are put into effect, the savings will be considerable. For the RTAA, we believe that a net benefit in excess of $30 million over the next 6 years is likely.

Our recommended modifications for this project include the following:

1. Increase representation of the private sector and technical and planning people from the ministries of agriculture, plan, and commerce on the technical planning committees for the studies.

2. Have each author prepare, and the technical committee review and approve, a condensed version of each study for distribution to all technical and policy related personnel in all ministries and private organizations affected by the subject matter.

3. Prepare readable summaries of the reports and workshops for the media, so that the findings can be discussed, and form a public groundswell for progressive economic and social reforms.

4. Sponsor post-study round-table discussions of the methodology and fieldwork to improve the skills of African researchers.

5. Require each report review/digestion workshop to identify 10 to 15 critical policy issues that need to be addressed, and monitor their implementation. Each committee should estimate the likely payoff from making each of the desired policy changes.

6. Consider funding one entity to serve as a geographic information system (GIS) resource center for project studies, and have that center provide the other research teams in the region with individual data files created with whatever aggregation criteria each country team wants.

7. Clarify with CARPA the nature of the studies REDSO expects it to carry out relating to the cost of transport and comparative costs between South African ports.

8. Schedule regular meetings between CARPA and Technoserve to share what each other is doing.

9. Maintain the cooperative agreement structure, and the active involvement of REDSO/ESA and AFR/SD in project management.

1.0 BACKGROUND TO THE EVALUATION

The Regional Trade Analytical Agenda (RTAA) represents an innovative approach to the entire applied research and policy analysis process among donors in general, and the United States Agency for International Development (USAID) in particular, in Africa. It does not contain a research agenda established by a university, an interested contractor, USAID Washington, an individual USAID mission or even isolated African officials and policy makers. Instead, the project designers developed, and are implementing, a research agenda established via a lengthy process of soliciting information priorities as they relate to intra-African trade in Eastern and Southern Africa. Technical and administrative staff from the USAID Regional Economic Development Service Office for East and Southern Africa (REDSO/ESA) and USAID, Africa Bureau, Office of Sustainable Development (AFR/SD) spent the better part of 9 months, during 1992 and 1993, visiting the USAID country missions, meeting with African policy makers and thinkers, and meeting with a cross section of representatives from the private sector throughout Eastern and Southern Africa to develop the agenda. These interests and priorities were also discussed, and approved by, USAID Washington and regional officials.

The research agenda reflects the main concerns expressed by these institutions and individuals as a group. It is truly a regional agenda. The broad outlines were finalized in 1993 and consist of the following:

- Comparative Analysis of Economic Reform and Structural Adjustment in Eastern Africa, and a separate study on Southern Africa;
- Comparative Costs of Transportation in East Africa, and a separate study of the Greater Horn of Africa;
- Comparative Costs of Production in East Africa;
- Comparative Advantage, Transport Costs, and Changing Crop Production Patterns in Southern Africa;
- Estimates of Informal/Unrecorded Trade in Eastern and Southern Africa; and
- An electronic communications network to facilitate research and the exchange of data, information, reports, etc.

At that time, the change of government in South Africa, prolonged drought in Eastern and Southern (worst of the century) Africa, and civil strife throughout the region heightened awareness of the interdependence of the regions' economies: the similarity of the natural conditions they face, the high correlation in rainfall patterns between neighboring countries, and the inability of policy makers to insulate themselves from natural and political events in neighboring countries. People began wondering if greater, rather than less, reliance on intra-regional trade might not offer better protection. In this context, the big issues were transportation costs, trade barriers, and agricultural comparative advantage.

Another innovative approach of this activity is the heavy reliance on African involvement in the research articulation, design, execution and dissemination process. The agenda established broad areas of focus, but left much of the details to be worked out in conjunction with African contractors and other Africans guiding the research activities. Many of these same individuals were also key policy makers who need information from the studies to make their own decisions. All of this was done with continual technical support and guidance from the REDSO/ESA and AFR/SD co-project managers.

The ongoing technical support and nurturing from REDSO/ESA and AFR/SD project managers is critical to the success of this initiative. Many of the African researchers and policy makers have never before worked so closely with donors, or anyone, for that matter, in preparing and executing sophisticated studies and field surveys, or accounting for resources in the way USAID requires. The management team recognized this and provided the nurturing, quiet, and effective support and the flexible implementation structure these individuals needed to gain the confidence, experience, and respect needed to conduct effective research in Africa.

The essential element of this activity that makes it special is its emphasis on the process of development as opposed to outputs. This distinction is critical. It accounts for much of the difference of opinion that exists within REDSO/ESA regarding the proper contracting mechanism for the activity, and the proper role of the project managers. It lies at the root of the concept of development and empowerment. It is an issue to which we return over and over again in this report.

The special nature of the approach used in this activity raises questions of procurement: why the procurement is made in the first place; what it is intended to accomplish; and how to adapt a bureaucratic system developed for a well-oiled private sector as we have in the United States to emerging private sectors that still lack much of the legal superstructure necessary to protect and discipline them. These are challenges for all of us. By keeping the focus on what we are here to do, knowledgeable administrators and contractors can facilitate the task in a way that does not sabotage the goal.

Development and implementation of the RTAA preceded the launching of the Initiative for Southern Africa (ISA) and the Greater Horn of Africa. It was the right project, in the right place, at the right time. It offered hope where there was so much fear and despair. It offered to ease the transition to liberalized economies that many African governments feared would perform little better than was occurring in much of Eastern Europe. For this reason, there is clearly a strong interest in the results of the studies by African policy makers. This leads us to one other aspect of this activity that offers great promise for inducing policy reform based on the results of the studies.

2.0 THE PROCESS FOR MOVING FROM POLICY ANALYSIS TO POLICY IMPLEMENTATION

The real strength of the RTAA is the approach developed for moving from policy analysis to policy implementation. USAID/REDSO and AFR/SD, together with Technoserve and the University of Swaziland, have refined the approach, and it is a model for the study being conducted by the University of Swaziland, the studies on cross-border trade, and the study of transport costs in the Greater Horn. The methodology begins not with the results of the studies, but with the scope of work for the study to be undertaken.

The current approach was not used in its entirety for some of the earlier work, such as the analysis of structural adjustment programs in Eastern and Southern Africa, or the study of costs of production and comparative advantage in Eastern Africa. Those studies had much more limited resources and were more conventional in their approach. Those relating to structural adjustment were intended more to inform the USAID country missions regarding reforms taking place in neighboring countries. After first being reviewed and discussed within Technoserve, REDSO, and AFR/SD, those reports were distributed to the missions, a few technical officers in the regional governments, and regional organizations such as the East African Cooperation. None was discussed in a workshop, and there has been no follow-up regarding implementation.

The process for moving from analysis to policy implementation was more fully revealed with the study on the cost of transportation in Eastern Africa. Discussion of that study began with a 3-day symposium in Arusha. The workshop discussed the findings of the study and assessed the policy implications.

The transportation symposium formed a 19 member technical committee to follow up on implementing symposium recommendations and additional future recommendations. This committee meets with policy makers in each country to promote the symposium's recommendations. The intent is to present the East African Transportation Symposium (EATS) to the regional governments as a recognized credible force and have it lobby for the implementation of its recommendations.

Moving from study results to policy implementation should be more effective with this approach because the technical committee is not a policing body to be feared by those who will be affected by the changes that are planned. On the contrary, the technical committee's executive committee members hold policy making and operational jobs in the transportation sector in their respective countries. The process of discussing the recommendations with others must certainly also motivate committee members to push harder for reforms in their own countries.

The workshop format helps create ownership in the results of the study by workshop participants. More importantly, it recognizes that African societies are fundamentally oral societies, with special vocabulary to describe the many process and styles. Oral discussions often carry more

weight than written reports, especially for people too busy to assimilate them. Workshops put the information where it will do the most good - in their heads. Documents do not always get read.

With the more recent studies, the focus on policy implementation begins even sooner, starting with the first efforts to define the procedures for executing a study. Workshops consisting of potential users of the results, both public and private; those who will be guiding execution of the studies; and REDSO/ESA and AFR/SD technical staff and consultants are being used to define what to study, how to study it, and what information to gather. These study definition/planning workshops operate to create, early on, ownership in the results by some of the people who need the information to make better policy decisions. Because the various workshops are held in different countries, the studies get more widely circulated, discussed, and reported.

The full process is currently being used for study on Costs of Production and Comparative Advantage in Southern Africa. Technical or coordinating committees in each country supervise the ongoing data collection for this study. The committees contain university researchers, policy makers, and the technicians on whom key policy makers rely.

This emphasis on involving local researchers, technical support personnel, and policy makers at all levels carries certain risks. Implications of the studies developed by the research teams will be subject to review, scrutiny, and possibly criticism, from others outside the loop, although, perhaps, not as much as if they are developed by expatiates. Despite the considerable effort to incorporate as many knowledgeable Africans as possible early in the process, some of those not involved in the study may raise issues that discredit parts of the studies. As the digestion and analysis process moves more in the direction of the workshops, as it is doing, participants may end up drawing conclusions and making recommendations that USAID cannot endorse. This is a risk of increasing local participation and ownership in the results. It requires an unwavering faith in the willingness to make better decisions once policy makers get the right information, discuss it openly and frankly, and decide it would be good for the country.

The emphasis on using Africans to plan and implement the studies and workshops to digest and develop the implications probably reduces resistance to the findings of studies on controversial issues, as compared to conventional studies done by expatriates. Even among nationals, however, there is still considerable dismissal of researchers by technicians and policy makers in government. Leaving more of the implication-drawing to technicians and policy makers participating in the workshops helps overcome some of this resistance. This approach also explicitly recognizes that drawing implications is one area where many conventional studies get short shrift, under the pressure of report completion deadlines.

One suggestion for improving the diffusion process is to have each author prepare, and the technical committee review and approve, a condensed, simplified version (not just executive summaries) or study results. Such reports should then be distributed to all technical and policy-

related personnel in all ministries and private organizations affected by the subject matter. This involves not just 100 to 200 copies for the region, but 300 or more copies per country. Every technician who wants one, from the highest to the lowest levels in the relevant ministries and institutions, should have a personal copy. Most will be discarded, but many will be read, which will create discussion and interest in the study and increase the prestige of the African institutions conducting and publishing the study.

Such widespread distribution ensures a much greater payoff to the tremendous investment made in the study in the first place. These lower level technicians oftentimes are starved for policy-related reading material. They have time to read and consume such reports vigorously when available. Some of them are future policy makers. The reports condition them to study problems and find solutions. The information they contain emboldens young professionals to offer their own points of view in ministry meetings in which they participate. All this creates popular momentum toward the study's implications.

Moreover, the process needs to extended further, into the public domain, through easily read and widely distributed materials. This means getting the information to the media, so that the findings can be discussed, thereby forming a public groundswell for progressive economic and social reforms. Other donors, government officials, and projects such as the Government of Malawi-Harvard Institute for International Development (HIID) Economic Policy Analysis Unit, can be incorporated into the dissemination process. These are the primary users of policy information. The Southern Africa comparative advantage study includes a line item for such reports. It is, however, not sufficient to cover the number of copies and the extent of the distribution that we are recommending.

A second suggestion involves sponsoring post-study round-table discussions of the methodology and fieldwork to improve the African researchers' skills. Even for American researchers today, field research is largely a trial and error process. If researchers only do it once, the errors remain large. But if researchers have done it once, their ability to absorb the lessons learned by others increases many-fold. A post-study round-table would internalize many of these lessons for the benefit of future research. Unlike American researchers, most of whom rarely conduct more than one field survey, African researchers will be forced to conduct many such studies during their career. Such surveys are expensive. It makes sense to take advantage of each experience to learn as much as possible so that expenditures on future studies produce the best possible return. Funding for such discussions is in the budget for the Southern Africa study, but not the others. It would need to be added.

3.0 AFRICAN INVOLVEMENT AND CAPACITY BUILDING

From the outset of this activity, Africans have been involved in designing, implementing, and disseminating the analytical activities. Before the analytical agenda was developed in 1993, the REDSO/ESA and AFR/SD project managers spent several months traveling the region; meeting with African policy makers, among others; and identifying the most important issues relating to regional trade.

After REDSO/ESA and AFR/SD developed broad terms of reference for the individual studies, it negotiated a cooperative agreement with Technoserve, a U.S. private voluntary organization (PVO) with offices in Kenya and Tanzania that are staffed entirely by Africans.

A cooperative agreement is a form of contracting that anticipates close interaction between USAID technical staff and the institutional co-party to the agreement. Therefore, it is ideally suited for developing local capacity and nurturing professional relationships with nascent African businesses and researchers. It also provides flexibility in contracting, facilitating the targeting of key individuals who are either exceptionally capable, demonstrably reliable, or central to the policy making process.

Under the cooperative agreement, Technoserve contracts with African researchers and works with REDSO/ESA and AFR/SD and the designated research coordinator to refine the terms of reference and supervise execution of the various studies. Technoserve reports financially to USAID for the studies and assumes ultimate responsibility for meeting the terms of reference of the contracts it negotiates with its subcontractors. Through its advertising for, and screening applicants to conduct the studies, Technoserve is building a network of African researchers who serve as a resource for later studies.

Involvement of the University of Swaziland with the project followed negotiation of a subcontract between Technoserve and Dr. Glenn Magagula, Deputy Vice-Chancellor of the University of Swaziland and a member of the Board of Governors of the Swazi Central Bank. Dr. Magagula coordinated the study of economic reform and structural adjustment in Southern Africa. This was just prior to the change of government in South Africa, and Technoserve had no presence in Southern Africa. Technoserve was attempting to establish a network of African economists throughout the region, and Dr. Magagula had unique qualifications, experience, and contacts in the region for coordinating such a study. The University of Swaziland released Dr. Magagula for the study. Eventually, the university established, from its own funds, the Center for Applied Research and Policy Analysis (CARPA), to build a Swaziland capacity for this kind of work. REDSO then negotiated a cooperative agreement with the university to oversee the studies of comparative advantage in Southern Africa and serve as the African nucleus for TRADENET, an electronic communications system linking researchers in Eastern and Southern Africa.

Through their work on the RTAA, African firms and institutions are developing an analytical and policy lobbying capacity of their own. The deep involvement of The Management Center in the execution and diffusion of the transport study, for example, has produced a local business that has gained considerable insight into the transportation problems of Eastern Africa, from Tanzania to Eritrea. It now is in a position to market itself with special expertise in transportation economics and transportation policy, hopefully contributing in substantial measure to its ongoing commercial viability.

The Eastern Africa Transport Cost Study also led to formation of the 19-member EATS. The secretary of its five-person Executive Committee is a principal at The Management Center. This entity is charged with private sector-public sector lobbying for reforms in the transport sector.

The University of Malawi's Agricultural Policy Research Unit is participating in the Cross Border Trade Study and the study of comparative advantage in Southern Africa. It is gaining expertise in using and maintaining a geographic information system (GIS) through its involvement in the latter study. This unit is also receiving assistance from the USAID bilateral program. The GIS capacity created by the RTAA, if properly exploited, can also contribute to its commercial viability. The same can be said for CARPA at the University of Swaziland.

Tanzania, directly with Technoserve, and Mozambique, through a subcontract with World Vision, are participating in the study of cross border trade. Tanzania is operating 12 data collection points along its perimeter. Mozambique is operating around 10, with financial assistance from the USAID mission there.

Participation in the studies by African policy makers and technical advisors is also significant. The more recent studies carried out under the research agenda typically are guided by country technical/coordinating teams comprised almost entirely of Africans. The diversity of in-country analyses and methodology under some of the studies indicates considerable country team autonomy in devising the most effective means of achieving the study objectives. Moreover, the coordinating committee, its collaborators in government and the private sector, and interested analysts in other institutions often provide the local constituency for discussing, scrutinizing, and disseminating the findings and recommendations of the studies.

Looser regional coordination by African participants has also developed from the implementation of the analytical agenda. A collegial structure was formed during the implementation of the structural adjustment analysis for Southern Africa, when country team leaders came together to synthesize their findings.

These examples demonstrate that African participation in designing and implementing the analytical agenda is substantial. The researchers are managing to feed information into national and regional policy debate fora that were not previously accessible. They are also building loose country and regional teams that are contributing towards the momentum for furthering policy

reforms. Moreover, by providing opportunities for contract work in the region, the RTAA is reducing the opportunity cost of remaining in the region for well-qualified African researchers, tempering the brain drain that keeps sabotaging donor efforts to build local capacity.

4.0 QUALITY, USEFULNESS AND IMPACT OF ANALYTICAL ACTIVITIES

4.1 Economic Reform and Structural Adjustment in Eastern Africa

This study began in 1994 and was largely carried out by a single researcher, Dr. Nehemiah N'geno (then at the University of Nairobi's Economics Department) who is now the Chief Economist to the Cabinet, in the Office of the President. It was a small activity, costing US$5,000, relying almost wholly on secondary data. Dr. N'geno was recruited after screening a list of candidates provided to Technoserve by the Africa Economic Research Consortium (AERC). The study analyzes the current and future status of the implementation of key policy, regulatory, and institutional reforms in six East African countries. The policy reforms analyzed included fiscal, monetary, trade, public enterprises, investment, price, and market liberalization. The countries covered were Burundi, Ethiopia, Kenya, Rwanda, Tanzania, and Uganda.

The purpose of the study was to provide background material for the other studies, make USAID missions aware of what was going on in structural adjustment in neighboring countries, and begin building a regional research network. The target audience was internal, not African policy makers.

4.1.1 Review and Assessment of the Report

This study found public enterprise reforms to have been the most difficult to implement, while the most successfully implemented policy reforms were in trade, and price and market liberalization. Investment policies were moderately implemented, and good progress had been made in fiscal reforms and monetary policies. On the whole, Kenya, Uganda, and Tanzania had the most articulated and implemented policy reforms, probably because of the longer period that these countries had been implementing the policy reforms. Burundi, Ethiopia, and Rwanda were poor reformers because they were late starters on the reform process and also faced social and political instability. Ethiopia was a special case in that it had been a socialist economy with a tightly regulated economy before beginning the reforms in 1991.

The study established that recorded trade between countries in the region was low, attributable to restrictive trade policies, foreign exchange controls, and import controls. Regional integration schemes were also reviewed and found to be generally unsuccessful in meeting their objectives because of the unequal distribution of benefits. The schemes were also seen as having failed because of competition for production facilities among the partners and the failure to liberalize intra-regional trade. The study concluded that regional integration based on unilateral trade liberalization by each member of the region is the most appropriate form of regional cooperation.

The comparative analysis of policy reforms among regional countries and the ranking of current and future policy reform implementation, as laid out in the report, is highly informative and easy to read and comprehend.

4.1.2 Overall Usefulness and Impact of Activity

Because this was the first activity on a small budget, virtually all of the dissemination was passive. Despite this, the report has had a subtle influence on policy formulation in Eastern Africa. The matrix format that the study used for analyzing policy reform and implementation has been adopted by the recently formed Secretariat for East African Cooperation as a baseline for regional policy making. But adopting a method for analyzing policy reform is not the same as adopting a specific reform, and the impact of a method of analysis is next to impossible to measure.

Due to the rapid policy changes taking place in the region, the study findings are now dated. The study did, however, accomplish its objective of informing the missions about economic reforms in neighboring countries. While that was useful and was the original intent of the study, we have no way of measuring the results or impacts.

4.2 Economic Reform and Structural Adjustment in Southern Africa

Following the successful comparative analysis of economic reforms in Eastern Africa, a similar activity was undertaken in Southern Africa, covering Malawi, Mozambique, Republic of South Africa, Zambia, and Zimbabwe. These countries are all members of the Southern Africa Development Community (SADC) that are currently undergoing structural adjustment programs.

The study's structure, methodology, and execution differed significantly from the earlier one on Eastern Africa. This study was a collegial collaboration among a variety of African researchers and policy makers, including Dr. Davies N'gon'gola of Bunda College, University of Malawi; Professor Firmino Mucavele of Eduardo Mondlane University, Mozambique; Professors C. Johan Van Rooyen, Johan F. Kirsten, Johan Van Zyl, Nick Vink, and Dr. Tracey Simbi, from South Africa; Professor Oliver Saasa of University of Zambia; and Dr. Gordon Sithole of Ministry of Agriculture in Zimbabwe. Professor George Abalu of the United Nations Economic Commission for Africa at Addis Ababa prepared the synthesis report. Professor Glenn T. Magagula, the Activity Coordinator, coordinated the activity, under a contract with Technoserve.

4.2.1 Review and Assessment of Reports

The study provided a comparative analysis of the current status of adjustment programs taking place in the region and the progress each country was making toward implementing key policy, regulatory, and institutional reforms. The study included an overview of the types of programs being undertaken and their potential impact on trade and national and regional food security for each country. The role of South Africa in SADC interaction also played a part. Each country was studied and reported separately. A synthesis report brought together analyses and conclusions from five country studies.

For Malawi, the study found that the economic reforms were necessary to arrest the deteriorating economic performance; but they are not sufficient to bring about increased income and alleviate poverty for the majority of the population. For Mozambique, the study found the Economic and Social Rehabilitation Program has the potential to contribute to the country's economic development through increased surpluses in agricultural production and investment in developing human resources. South Africa's study focused on restructuring agriculture and farming and showed that policy changes in the 1980s made the sector poorer but leaner, preparing it to meet the challenges of higher rates of economic growth following majority rule. Zambia's report showed the reforms to have reduced, and stabilized to an acceptable level, the budget deficit, inflation, money supply, and interest rates -- a qualified success. Zimbabwe indicated progress in trade policies and agricultural reforms, with some difficulties in fiscal and monetary policies and little progress on public enterprise reforms.

Because separate researchers conducted each country study, the synthesis report, SD Publications Technical Report No. 23 (1996), does not read as smoothly as the Eastern African one. The quality and methodology of analysis and findings vary according to the particular country study. As such, the synthesis report is not able to bring out a comparative analysis that has the same strength of conclusion as the Eastern Africa study.

4.2.2 Overall Usefulness and Impact of Activity

This study was instrumental in establishing the Southern Africa analytical agenda. It also stimulated informal cross-country analytical coordination in the region. The incorporation of findings in government policy in some of the countries (e.g., Malawi) also indicates the study findings had a significant impact on policy making, although we were unable to pursue the details on the quantitative significance of those reforms. In addition, the Malawi government has asked the European Union to fund further analyses, building on the findings of this first study. Another development, which may have been indirectly influenced by the results of this study, is the proposed economic analysis unit to be set up in the Ministry of Economic Planning and Development. This unit will bring together HIID and five senior Malawian economists.

The investment payoff of this activity is difficult to quantify directly. The indirect payoff, through its influence on public policy is probably high, although we have no hard evidence of this. There is not enough substance for measuring impact either.

4.3 Comparative Costs of Transportation in East Africa

This activity began in 1994 and cost USAID about $100,000. The final draft was completed in September 1994. The study was done under the Cooperative Agreement with Technoserve, who subcontracted it to The Management Center via competitive bid. The study compares eight major routes currently in use for transit traffic within the region (four from Mombasa and four from Dar es Salaam). Ports covered in the study included Mombasa and Dar es Salaam.

The study analyzes comparative routes and transportation modes, provides explanations for why costs vary, explores alternative transportation modes, provides recommendations on how to reduce transportation costs in the region, discusses public sector investments, and provides analysis and implications for policy. The countries involved are Kenya, Uganda, and Tanzania. Rwanda and Burundi should be included but were not because of political unrest in those countries.

The fact that Uganda is a land locked country is a special consideration. In a region of widespread poverty and food shortages, transportation is seen as a basic ingredient of survival for peasant farmers and refugees who are faced with civil strife and starvation.

4.3.1 Review and Assessment of Reports

The report explains why transportation is important to regional trade and food security; describes deficiencies in road transport, railroads, and marine services; and documents the high costs that result from these deficiencies. It was the object of discussion for an EATS that generated a successor organization to lobby for changes in transportation policies. The conclusion of the symposium was that the report serves as a good point of departure for improving the transportation systems of East Africa. The report has been used, and will continue to be used, to stimulate improvements in regional transportation systems.

The unit costs of transporting freight from the ports of Mombasa and Dar es Salaam to Uganda vary from US$148 to US$162 per ton for general cargo and from US$137 to US$167 for containers, depending on the route and mode of transportation. Rail is cheaper but road is faster.

The East African Study proved so successful that it stimulated interest in a similar study among countries in the Northern Tier of the Greater Horn of Africa. Transportation has become an important issue throughout the region, and governments recognize that the transportation systems of the entire region need improvement.

4.3.2 Overall Usefulness and Impact of Activity

The study's usefulness is evidenced by the seminars, symposiums, and follow-up meetings which culminated with the formation of the East African Transportation Technical Committee. This technical committee was officially approved by the Arusha Regional Secretariat for the East African Cooperation in August 1996, to lobby for transportation reforms throughout the region. The Comparative Transportation Costs Analysis Study documents the high payoff areas for policy reform.

Many people and organizations are aware of this technical committee and are showing considerable interest in its accomplishments and future plans. The committee members represent

a good cross section of the public and private sectors and offer considerable clout for inducing policy change in the transportation sub-sector.

The report does not provide estimates of the amount of cost savings that are possible from the recommended reforms, but it does show the amount of recorded transit trade to Uganda and Rwanda and the average cost per ton. Assuming that reforms that are actually adopted reduce this cost by 10 percent on half of the flow, the annual savings in port clearing and transport costs would amount to $13 million (the 1994 total costs were US$258 million per year). Savings that accrue to port clearing and transport costs on goods destined for internal markets in Kenya and Tanzania, a much larger volume of goods, would be in addition to this, but would be much smaller since internal imports clear customs much more quickly. Port clearing and transport costs would be lower on goods that are smuggled into these countries as well, but that is not an easy number to obtain.

The transport cost studies are the first to present easy targets for measuring benefits. Reduced delays, check points, paperwork, transport times, and pilferage are all measurable. The danger is that the transportation committee will try to take credit for any improvement in transport policy from now forward, unduly inflating its own sense of impact. At the same time, the committee risks overlooking policy changes that do occur, for which the study and the committee could take some credit.

To increase the likelihood that the technical committees established to lobby for policy changes keep track of their goals and accomplishments with respect to policy change, whatever the activity at issue, we recommend establishing a planning and monitoring procedure for them to follow. In return for them doing this, the project might offer the services of the institutional contractor, Technoserve or CARPA, as informal secretariat for all implementation-oriented technical committees under their umbrella projects.

The monitoring procedures that the technical committees could establish, might include some of the following:

- Identify and prioritize the 10 or 15 most important policy changes being attempted.
- Estimate the immediate and the longer-run impact on costs of each change if it were fully implemented.
- Maintain periodic contact with the policy maker most directly concerned with each policy change to see if the policy change has been made.
- When it is made, either fully or partially, re-estimate the expected cost savings, and project such savings over time.
- When projecting savings over time, treat separately the effect of adoption rates and the effect of traffic increases because of lower costs and/or delays. For many changes, the adoption rate will be 100 percent because the policy change will affect all users in the same way, at the same point in time.

The technical committees can surely come up with better ways of monitoring policy changes. What is important for REDSO is that each committee have a system, and maintain it themselves. Then the RTAA project managers could check with the secretariat or the responsible person for each committee every 6 months, or when it came time to report to Washington on results.

Once the technical committees have established their priorities for policy reform, reporting could take the form of the number of target policies implemented, or better yet, the amount of cost savings realized from targeted policy changes. In either case, REDSO could project a reasonable number into the future as a target and then use the monitoring reports from the technical committees to count the realizations. Something like $1 million in year 2 of the implementation phase, growing by an additional $1 million each year for the following 4 years would be a conservative number. That would provide a return of about $15 million over 6 years on a roughly $300,000 investment, counting overhead and indirect USAID costs. That amount is certainly possible if the inefficiencies are what the reports imply.

4.4 Comparative Costs of Transportation in the Greater Horn of Africa

This study began in 1996 under the Cooperative Agreement with Technoserve. Technoserve subcontracted it to The Management Center. It is formatted similar to the transportation cost study for East Africa and is expected to cost USAID $119,000. A draft report was published in September 1996. Subsequent to this, a meeting was held in Addis Ababa in October to review the methodology, data, and findings.

The Greater Horn of Africa transport study covers Sudan, Eritrea, Ethiopia, Djibouti, and Somalia. Ports covered by the study include Port Sudan, Massawa, Assab, Djibouti, Berbera, and Mombasa. A visit to Sudan was not successful because of the unrest, so information for that country is not good. Another attempt is being made to gather information in Sudan in November 1996.

Food security in the region is a big problem. About 70 to 80 percent of the population depends on some kind of food assistance. Obviously, in this situation high transportation costs and difficult movement severely influence the cost of food distribution.

4.4.1 Review and Assessment of Reports

The study analyzes routes and modes of transportation in the region, provides explanations for why costs vary, discusses the implications of the study for public sector investments in transportation, provides analysis and implications for policy, and provides recommendations on how to reduce transportation costs in the Greater Horn of Africa.

The current report is a preliminary draft. It provides the first comprehensive picture of the current situation and represents the first step in taking corrective action. The evaluation team did

not visit any of these countries so it is difficult to comment with authority on many parts of the report.

War in Southern Sudan has destroyed much of its infrastructure such as roads and bridges. In the north, however, the infrastructure is in fairly good shape. The rail route from Port Sudan to Khartoum is the least expensive route, with a cost per ton of US$32 compared to a road route cost of US$58 per ton. The distance is 787 kilometers for rail and 1191 kilometers by road.

Eritrea suffered greatly during the liberation war with Ethiopia and its transportation infrastructure was also largely destroyed or neglected. In Somalia, the civil war in 1991 severely disrupted the economic base and damaged the transportation infrastructure. The ports of Mogadishu and Kismayu are closed and nonoperational, although they are still processing a major influx of humanitarian aid destined for Ethiopia. Under such extraordinary circumstances, it is difficult to produce a meaningful analysis of comparative costs.

In spite of these difficulties, the report helps clarify the current situation. The obvious conclusion is that transportation costs are high. Factors that contribute to the high costs are:

- Low level of investments in transport infrastructure,
- Poor conditions of existing infrastructure,
- Bureaucratic and cumbersome government policies,
- Insecurity,
- Lack of competition,
- Inefficiencies in the providing of services, and
- Lack of commercial cargo.

4.4.2 Overall Usefulness and Impact of Activity

Although it is premature to assess the study's potential impact, just identifying the trade, production, commercial, and business links in these countries is helpful. Improving transport linkages would reduce the need for large buffer stocks and storage facilities for food aid and hence free up donor resources to concentrate on other national/regional concerns. It would also reduce transport costs for cross border trade and food aid.

Future work will follow the same approach as the similar study for East Africa, which is working well there. There seems to be equal interest in the Greater Horn of Africa region in the results of the study.

To estimate potential cost savings from implementing some of the potential cost savings identified in the report, we can apply the same type of procedure used for the Eastern Africa study. For example, transit and transhipped volume between Djioubti and Addis Ababa average 358,000 tons over the 1991-1995 period. Other imports through Djioubti, and imports through

Port Sudan, Massawa, and Assab averaged 6,180,000 tons, about half of which were petroleum products. Recognizing that realizing full benefit from the transport cost study will require enormous new investment in infrastructure, it seems reasonable that policy changes alone ought to be able to save a couple of dollars per ton on transit volume and $.50 per ton on other volume. That produces a potential benefit for the study and related policy of $3.8 million ***per year***. This estimate is not out of the question.

The procedure to follow for monitoring the impact of this study would be the same as for the Eastern Africa study, or it might be different, according to what that implementation committee decides. There is an obvious advantage to REDSO if the various committees adopt similar procedures.

In terms of the quantitative side, we suggest using a number about half of that used for East Africa. In the northern tier countries, there is much more physical infrastructure to rehabilitate, so the immediate impact of policy reform will be more diluted. Thus, beginning in the second year after completion of the study, projecting a benefit of $500,000, increasing by $500,000 each year for the following 4 years, would be reasonable. That would produce a $7.5 million benefit over the next 6 years on an investment that is about 20 percent larger than for East Africa, still not a bad return.

Of course, once the technical committees begin seriously cataloging potential policy changes and their likelihood benefits the estimated benefit stream from the study might be larger. Nothing stops REDSO from adjusting the projected benefit stream as return visibility improves.

The Greater Horn Of Africa Initiative (GHAI) study introduces the problem of accounting for benefits from bi-lateral programs that respond to the study results. Realizing many of the benefits of this study is likely to require substantial investment in physical infrastructure, so the bulk of any cost savings will be attributable to additional capital investment. Still, REDSO deserves a share of what is left. REDSO might try adopting a convention, in conjunction with the bilateral missions, of counting 15 to 20 percent of the net benefit as a return to the study itself and the regional support it provides to the missions regarding the activity.

4.5 Comparative Costs of Production and Comparative Advantage in Eastern Africa

This was one of the first studies begun under the project. Technoserve contracted with Mwaniki Associates in 1994 for $35,000 to do the work, following solicitation of interest and submission of technical proposals from a short-list of five firms.

This study began more as a cost of production and constraints study, than as a study of comparative advantage. The focus was to be on internal costs savings. Comparative advantage was added definitively only after data collection suggested it might be possible to carry out a decent analysis of domestic resource costs from the data that were available. The study is based

on secondary data, with all of the problems of comparability and aggregated component costs which that entails.

Mwaniki Associates divided the work between three of its consultants. The study was completed in April 1995 and was eventually published in the SD Publication Series (Technical Paper No. 32). A summary report was prepared to enhance dissemination and use. The report was disseminated to USAID missions and other collaborators in East Africa.

4.5.1 Review and Assessment of Reports

The strength of the study is the attention it draws to input availability, production conditions, marketing, and policy issues relating to each crop studied. The study did a good job of reiterating problems revealed in previous studies. In general, it appears to provide an acceptable basis for comparing costs of production between the three countries.

With respect to comparative advantage, the results do not command a great deal of confidence. In fact, the usefulness of the whole concept of comparative advantage gets diluted when deficiencies in input availability, research and extension infrastructure, agricultural policies, and output markets loom as large as they do for many crops in the region. Such deficiencies have a significant impact on the comparative cost structures of both trading partners, rendering border prices and the conclusions of any analysis of comparative advantage unstable. At a minimum, therefore, studies of comparative advantage need to look at factors influencing border prices and make some judgement regarding the likelihood they will continue at or near their current relative levels. This is most important for those commodities that can trade in both directions, depending on the circumstances.

In comparison to the study of comparative advantage in Southern Africa, the study for Eastern Africa received limited funding and limited time for carrying out the study. This forced an almost exclusive reliance on secondary data and administrative statistics. This produced certain results that are not always credible, although it still redirected attention to ongoing blockages that are impeding agricultural production and food security.

This study contains numerous shortcomings that reduce confidence in some of its conclusions. First of all, most of the inferences are based on results for a single year, ignoring the long-run nature of comparative advantage and the tremendous variability in yields from one year to the next that typifies most of Africa. For crops like coffee, the biannual yield effect adds yet another reason to look at costs and yields over a longer time period than a single year.

Secondly, the study fails to distinguish consistently between financial and economic costs. The fact that the crop year covered for most crops, 1992/1993, was a transition year for liberalization makes this especially important. Fertilizer and chemical product subsidies in Tanzania, exchange rate adjustments, and reduction in marketing board margins for coffee are some of the significant

factors that merited consideration from the financial and economic perspective, as these factors had not yet played themselves out by 1993.

The study raises a few questions regarding approach and data quality. For example, it is not useful to speak in costs per hectare, since high or low costs say nothing until yields are brought into the equation. Selecting only one plant to study textiles fails to recognize the wide range in production costs between various production facilities in the same country. Nonetheless, the textile analysis does identify whether critical public services are at the root of cost differences.

Unusually high labor and fixed cost data for beans in Uganda, as compared to Tanzania, Kenya, and most of the rest of Africa, call into question the accuracy of the bean cost of production data for Uganda. The study of Tanzanian coffee combines low national average yields for 1992/1993 with recommended input packages, producing a cost of production more than double that of Kenya and Uganda. If farmers are getting consistently low yields, they are almost certainly not using the recommended level of inputs, so this approach inflates costs. Moreover, the low price for coffee faced by farmers in Tanzania versus those in Kenya for the previous year make one wonder whether the low yield data reflect low marketed production (which is the source of arabica coffee production statistics in Tanzania) as opposed to low coffee production. If a substantial amount of the coffee from Arusha and Kilimanjaro was smuggled into Kenya where prices were higher, the difference between the two estimates might be striking.

Finally, the study contains a few typographical, computational, and possibly other errors relating to the data that need clarification. Prices for Kenyan beans grown in a pure stand, for example, are higher than the price for beans inter-cropped with maize, with no explanation of why this should be so. If not a typo, the data probably relate to different kinds of beans (i.e., different enterprises that are not directly comparable). This and other instances require considerable effort to discern what the correct result should be. In some cases, such as calculating some of the DRC ratios, the computations are simply wrong. In other cases, it is not possible to trace how the calculations were derived.

4.5.2 Overall Usefulness and Impact of Activity

Because of its heavy reliance on poor quality secondary data and certain problems with the quality of the study, the process anticipated for diffusing the results was not activated, which has limited the study's impact. In spite of this, the study has once again exposed many ongoing problems that retard attainment of greater food security in Eastern Africa.

The study also points to promising future research activities where the participatory approach now being used for other activities could pay high dividends. Coffee processing and marketing and availability of seed and other inputs are regional issues that severely limit food security in the entire region. A good quality study containing reliable and accurate data could provide an excellent information base to support a dynamic diffusion strategy that could open doors for the

private sector to step in and solve some of these problems once and for all. Such studies would normally be financed by the bilateral missions. The Uganda mission would probably be interested in pursuing a study on beans under its strategic plan.

For an idea of potential benefits, reducing coffee marketing costs, now averaging around $200/mt, by 10 percent would produce an ***annual savings*** of $2.4 million, based on 1993 production in Tanzania, Uganda, and Kenya. Improved bean seed might do the same, but the technology is not as available and considerable research cost is necessary to obtain it. But 15 percent of any increase might be net value added. However, none of these benefits will be realized if the USAID missions, or someone else, do not initiate programs to accomplish these things. This points to the importance of focusing on the development priorities of the individual country missions when establishing the list of enterprises to consider in cost of production studies.

Given the quality of this study and the decision to not use the workshop format to vet its conclusions, it seems likely that there will be no benefit from it, other than what will be picked in the other studies via improved methodology and what the USAID mission in Uganda might decide to do for beans. Unless there is some compelling evidence that the Uganda mission is preparing to act on bean production and/or marketing because of the study, we suggest not attributing benefits to this study for monitoring purposes.

4.6 Changing Comparative Advantage in Southern Africa

This study is one of two being undertaken under the University of Swaziland Cooperative Agreement, under CARPA's coordination. The study began with a regional planning workshop in August 1994 and now has a total budget of $600,000. Originally the level of effort under this contract was expected to be about half this amount. The additional funding was intended to extend the analysis to all of the SADC countries and was provided by ISA.

The 3-year research agenda established in 1993 did not project as much emphasis on this activity. The agreement with CARPA envisioned initially conducting studies on comparative advantage and changing crop production patterns in five SADC core countries: Malawi, Zambia, Zimbabwe, Swaziland, and South Africa. Studies in two others, Tanzania and Mozambique, were to begin later. All seven of these countries participated in the two planning workshops for the study.

Currently, five of the studies are well underway, with Zimbabwe and Mozambique being late starters. CARPA intends to add Botswana, Namibia, and Lesotho after February 1997. Delays in Zimbabwe arose from the difficulty in finding members for a technical committee with sufficient time to plan and guide the in-country research. In Mozambique, governmental approval for the study was slow in coming.

CARPA has contracted with the Council for Scientific and Industrial Research (CSIR) in South Africa to provide Dr. Rashid Hassan as a consultant. Dr. Hassan will provide technical support to the research teams in each country that are conducting this study. He will ensure that each team uses a consistent methodology.

Hassan and AFR/SD/PSGE economist (and co-project manager) Brian DeSilva prepared a first draft of a guideline methodology paper that was discussed at an initial regional methodology workshop held in August 1994. A subsequent revision of that paper and associated documents provides a spreadsheet format for inputting price and technical coefficients, and calculating returns and DRCs.

At the initial workshop, African researchers, policy makers, and senior technicians who were likely to be executing the study in their respective countries were invited to participate in planning how to design the study and determining what analyses should be done. This moved local participation to a much earlier stage in the policy research process than had been accomplished previously. This was followed by another workshop the following year in Pretoria that focussed on who would be on the country teams and how to get private sector involvement.

4.6.1 Review and Assessment of Reports

So far, the only reports available for the study are the workshop proceedings and the methodology papers developed for it and later modified. Malawi has a report in draft form, but it was not far enough along for the team to see. Our comments, therefore, relate primarily to our field observations and discussions.

The tabular format that workshop participants adopted for analyzing and presenting the data ensures greater compatibility between countries for the results of the various country studies. It provides a better audit trail than was available for the Eastern Africa study. It will also facilitate sensitivity analysis and increase the likelihood that all relevant cost and distribution variables are considered in the analysis. As it now stands, the methodology paper provides a solid set of guidelines with ample detail to make the approach operational for virtually any researcher.

As far as organizing the national coordinating committees for designing and overseeing data collection in each country, countries do not seem to understand the need to incorporate private sector representatives or the ministry of agriculture, ministry of plan, or ministry of commerce technical and planning people. This is in spite of the time spent in the workshops on just this point. It probably arises from a tendency for CARPA to initiate contact with university types, and for African nationals to view the studies as discrete outputs rather than as the first step in a multi-stage information gathering, analysis, digestion, diffusion, and use process. When viewed in this larger, more process-oriented context, who is on the technical committee, from the perspective of their position and function in the policy making structure, is at least as important as their competence to oversee the study (see Section 2.0).

It is not always obvious why some country teams have selected certain crops and technologies and why others are not included, although these issues were discussed at the initial planning workshop in Pretoria in 1995. Nonetheless, uncertain enterprise selection is one of the outcomes of the more independent policy implementation orientation being used by the project. We must have faith that a collective decision by indigenous researchers and technicians, operating with ongoing technical and advisory support from USAID, will produce a list of enterprises and technologies that, in the main, are important for developing regional trade and taking advantage of local comparative advantage in the near term.

The comparative advantage studies in Southern Africa are using an agro-ecological stratification system to guide data collection for the studies. Each participating country is getting equipment from USAID and training in using GIS software from the CSIR.

In some countries, such as Malawi, interest in the GIS goes beyond its usefulness for this particular study. To the extent this is true, some of the country teams may be expecting to be able to do more with the current version of the software and data files they are being given, than will actually be the case. Before the contract with the CSIR expires, REDSO may want to examine this issue to ensure that the GIS systems provide sufficient flexibility for the future needs of the respective country teams.

In its most elaborate form, a GIS allows each country to define and redefine agro-ecological zones according to multiple criteria that are included in the original database. In practice, the ARCVIEW software provided to the country teams is preprogrammed to reduce continuous variables to a small number of categories and to map those categories using varying sized rectangles representing contiguous squares of the same category. When projected on the screen, contiguous rectangles give the appearance of larger irregular shaped polygons. The actual data file, however, defines only the constituent rectangles.

For countries to be able to define and redefine its own categories for each variable, they would need less aggregated data and would need the data for each of the smallest squares that make up a rectangle. This means each square would have its own data record, and each data record would have the same number of fields. The fields to be included on each disaggregated data record could be defined by each country team, based on their intended use of the GIS. For example, if rainfall distribution in time were important for a particular crop, mean monthly rainfall might be needed rather than mean annual rainfall, or, what they have at present, categories of mean annual rainfall. This would require 12 continuous rainfall variables instead of a single discreet one. Mean monthly temperature may be needed instead of categories of mean annual temperature. Unless each data file defines the lowest unit of coverage the same, it will not be possible to create new definitions or new combinations of variables by combining data files or variables.

Pre-defined aggregations (rectangles) based on contiguous squares of the same category create records in the various data files that do not correspond to the same point in space. As a result,

one cannot graph the union of two conditions from separate files. Only the physical super-imposition of one over the other will produce a correct point in space. If the overlay colors are not somewhat transparent, it will not be possible to do this on the computer screen.

One alternative to giving all countries the flexibility to define their own data files and aggregations would be to have one or two entities serve as GIS resource centers that provide the other research teams with individual data files created with whatever aggregation criteria each country team wants. This would allow continued reliance on the ARCVIEW software now in place, but would require the GIS center to have a permanent life if it is to continue to provide this service after the end of the current contract. The individual countries would also need a source of finance to access such a service.

4.6.2 Overall Usefulness and Impact of Activity

The study of comparative advantage and costs of production in Southern Africa, as it is unfolding, seems to have avoided many of the problems experienced with the Eastern Africa Cost of Production study. Assuming adequate rigor is given to identifying economic prices and local and foreign costs, and assuming account is taken of border country policies that affect import and export parity prices facing the countries being studied, it should provide a useful basis for identifying where countries should focus their agricultural development efforts, relative to their neighbors. Like the Eastern Africa study, it should also call attention to various political, regulatory, and institutional factors that prevent more efficient production and trade. To the extent the commodities studied are well selected and the results are widely discussed and disseminated, it should lead the region toward a more rational allocation of its agricultural resources, a more modern and resilient agriculture, and greater food security. At the same time, it is encouraging researchers in the region to begin working together on common regional problems and developing the professional networks that enable each one to do better research and policy analysis.

The GIS system being put in place provides a resource which, if maintained, will make research increasingly effective and less costly. It makes it possible to target field studies on high potential areas and to obtain a reasonable estimate of the extent of that potential. The spreadsheet format and DRC methodology is sufficiently modularized that it will be easy for other researchers to use the same methodology with a minimum of training. This will increase comparability of future research results.

In terms of actual impact, much depends on what the studies discover and what the information diffusion process is able to accomplish with respect to policy implementation. One can speculate based on potential savings in transport and marketing costs, removal of constraints identified by the studies, and shifts in production from lower value added to higher value added uses. A portion of all such improvements will constitute net value added. Intuitively, with the heavier focus on integrating the diffusion process into the planning and study process, we would expect

many of the policy recommendations to be implemented and the eventual benefit to be high. However, research differs from production. Research's potential impact on output is to be defined in the process of executing the activity. Its actual impact will be determined by how effectively the recommended policies and changes are implemented. There is room for serendipidity.

For comparative advantage, the situation is a bit different than for production costs as far as the individual USAID missions are concerned. It may be possible for REDSO to realize considerable benefits just from identifying a country's comparative advantage and allowing the implementation committees to convince national governments to get out of the way of the private sector so it can respond. That is worth something and does not require bilateral intervention to succeed.

In both instances, the extent of potential benefits will not be known until the post-study workshops analyze the implications of the study results. At that time, it should be possible to do the same as for the transportation committees: identify a list of priority policy changes and then monitor their adoption. In the mean time, REDSO could project a quantitative target benefit that represents some minimum likely level of attainment. Because the studies are still underway, doing so at this point is considerably more tenuous for the transport cost studies.

The benefits arising from this study will probably overlap with those of the cross border trade study. The most frequent items in informal trade channels appear to be primary agricultural commodities, mainly foodstuffs. These are moving informally largely because the exporting country has a comparative advantage in its production, and one or the other of the trading partners imposes restrictions on free trade. To get at an estimate of potential benefit, we need to examine what is happening now, how that might change under free trade, and what the net gains to the participating economies would be. Without having the benefit of the study results to guide us, we move into the realm of considerable speculation. For the time being, we recommend counting only benefits anticipated from reforms in cross border trade. Once the benefits likely to accrue from the study of comparative advantage become apparent, REDSO can add a separate benefit stream for that study and encourage the implementation workshop committees to identify and monitor the changes.

4.7 Informal/Unrecorded Trade in Eastern and Southern Africa

This study is being done under the Technoserve cooperative agreement, at an expected cost of $850,000. Dr. Chris Ackello-Oguto is providing coordination under a subcontract with Technoserve. Dr. Ackello-Ogutu was selected based on a strong recommendation from REDSO/ESA and AFR/SD/PSGE.

Technoserve generally selected the country researchers for this study, with advice from Dr. Ackello-Ogutu, REDSO/ESA, participating USAID missions and AFR/SD/PSGE, based on

proposals invited from a short list of candidates provided by the respective USAID country missions. For the Kenya-Uganda study, the candidate was selected from among 10 or so candidates identified from those who responded to the solicitation for the transport cost study. After that contractee was dismissed for poor performance, Technoserve picked up this activity and hired a University of Nairobi research assistant, Mr. Protese, to run it. Technoserve added funds to Dr. Akello-Ogutu's contract to enable him to provide added supervision for that study. The Malawi study is being conducted by the by the Agricultural Policy Research Unit at Bunda College, also under a subcontract with Technoserve. The cross border trade activity in Mozambique is being implemented by World Vision under a subcontract with Technoserve. The studies in Eastern and Southern Africa (1994 to date) identify what commodities are being traded and the quantities involved. The studies are expected to provide information on how informal traders overcome constraints to their trade, estimate the magnitudes moved and patterns of movement, and provide a comparative analysis of recorded and unrecorded trade volumes. The studies will also assess the impact of this trade on national food security and recommend steps to enhance trade cooperation between the study countries. Researchers are attempting to understand where each country's competitive advantage lies, with what commodities, and how the economies would respond to greater liberalization of trade.

4.7.1 Review and Assessment of Reports

The Kenya-Uganda study took place from August 1994 to July 1995. Each month was divided into four quarters, each quarter being seven continuous days of monitoring beginning on a Monday. Surveys were done at each point for two quarters per month, giving a total of 168 days (12 months by 2 weeks by 7 days) of monitoring per border observation point. Researchers estimate that the study caught about 80 percent of the unrecorded trade that passed through the collection points.

The study produces some interesting paradoxes. Official recorded trade is largely in favor of Kenya. In 1994, Kenya-Uganda officially recorded trade worth US$249 million, with a trade surplus of US$220 million in favor of Kenya. Informal trade of about US$97 million (during the study) had a US$19 million surplus in favor of Uganda. Uganda's informal exports are four times larger than its formal ones, while Kenya's informal exports are about 15 percent of its formal ones.
Observations showed substantial unrecorded trade occurs in Southern Africa nations as well. Considerable trade also occurs between Malawi and Zambia, and Malawi and Tanzania.

The Malawi study took place from April 1995 to March 1996 using the same methodology as the Kenya-Uganda study. At least 60 percent of the unrecorded trade was noted, at the 10 most important border crossings in terms of trade. The trade is generally in favor of Malawi's neighbors. Malawi faced a deficit of US$17 million for the observation period, exporting US$10 million and importing US$27 million from its neighbors.

The Mozambique study started in December 1995; the USAID country mission and the Government of Mozambique contributed $90,000 to the data collection effort. Data from December 1995 to March 1996 show Mozambique's most important informal trading partners to be Swaziland and South Africa. Food imports such as maize, sugar, meat, potatoes, peanuts, vegetables, fish and seafood, and fruits were traded in quantities ranging from 400 tons for meat to 3,000 tons for maize during this 4-month observation period. No values were imputed in the early results.

Data collection for Tanzania is ongoing. Because its cereal surplus areas are concentrated around the periphery of the country, where transportation costs to Dar es Salaam are quite high, and informal trade represents around 90 percent of total trade, results for it will carry some of the greatest implications for regional comparative advantage and trade policy. We understand there is a draft interim report in the making which we were not able to see.

4.7.2 Overall Usefulness and Impact of Activity

The early findings of the Kenya-Uganda study have just been analyzed. A preliminary draft report exists, but was completed only a few days into this evaluation. The report was discussed in a workshop of researchers in July 1996. A dissemination workshop is planned for December 6, 1996. Technoserve is currently struggling with how to present the material without creating an adverse reaction in the media - one that could undermine the potential contributions of the study to policy reform. Therefore, the impact of this study may not be apparent for a while.

The Malawi study is slightly ahead on this count. A workshop to disseminate the findings was held at Bunda College in September 6, 1996, although the draft report is not yet available for distribution. The workshop, coordinated by Technoserve, brought together various stakeholders, reported the preliminary findings, discussed their significance, examined the study's shortcomings, estimated the study's potential impact, and argued the importance of extending the study beyond the 1-year period. The 40 participants came from the public and private sector, donor agencies in Malawi, and other study teams from Kenya and Mozambique.

During the workshop, several issues arose, such as the methodology of observing trade, selection of border sites, types of border transport, imputing values for the 40 percent of informal trade that is unrecorded, and estimating the revenue foregone from this trade. The question and answer sessions helped create feedback for the study team on their methodology, their findings, and their potential impact. At the same time, key persons and institutions were informed of the study and its potential usefulness to them. This is one way of effectively disseminating the study and its findings and creating a constituency for the results of this type of work.

One area where the study findings will be of critical importance is food security. The importance of informal cross border trade to food security in both study areas means that the findings will definitely catch the eye of policy makers in the region. Informal food exports make up

US$53 million of Uganda's US$58 million informal trade, which is four times the level of recorded exports.

Malawi's formal exports depend on tobacco. Its government wants to diversify its agriculture. At the same time, the cross border trade study shows that food commodities are Malawi's most important informal imports. There is clearly potential for a trade-off here. According to Victor Lungo of the Planning Division of the Ministry of Agriculture, the Malawi government has already begun to incorporate some of the findings of the study in that country into its sectoral and national policies for commodities such as maize. There is now official sanction for freer maize movement and trade between Malawi and its neighbors.

Uganda's proposed National Food Strategy recognizes the importance of informal trade, making the formalization of food trade to Kenya the cornerstone of its export promotion policy. There is also official acknowledgment of the contribution of informal food imports from Uganda to Kenya's food security. A reduction in trade barriers and official constraints to formal trade between these two countries would greatly benefit everyone.

The potential impact of the liberalized cross border trade on food security is significant. Kenya has a structural deficit in food production that ranges from between 100,000 to 1 million tons, depending on the weather. Uganda has the potential to supply between 500,000 to 1 million tons of food to Kenya in 5 years' time. If trade between Kenya and Uganda is fully liberalized, Uganda could export between US$50 million to US$100 million of foodstuffs each year. As Ugandan exports to Kenya are roughly half the cost of food imports into Kenya from the rest of the world, the savings would be in the range of US$100 million and above annually.

A similar case occurs between Malawi and Mozambique, where free trade would substantially increase food flows between the two countries. Similarly, Mozambique's food imports from Swaziland and South Africa and its exports to Malawi and Tanzania would expand greatly under free trade. Both governments are planning to carry out some follow-up monitoring to obtain information on how the flows vary over time.

Both the Kenya-Uganda and the Malawi country teams emphasize that informal trade flows need further investigation. They warn that taking the study results by themselves as sufficient for policy making is risky. The 1995-1996 study year was the best year for food production that Malawi has faced in a long while. In Kenya, the 1994-1995 study year was the best ever grain year in its history. In other words, the food flows in both years were probably near records. The informal food trade is probably far lower in normal years, and this would probably change the composition and direction of commodity flows, and even locations where this trade would occur. The authors suggest that although the current figures may assist government policy, they should be used carefully. Monitoring such trade flows in future years is essential to provide more representative data for policy makers.

In addition, there is a need to go beyond trade flows, into the reasons for some of the flows that seem to defy economic logic, especially if such flows have implications for comparative advantage and investment policy. What are the push factors? Some of these may be linked to special trade agreements a country has with countries outside the region. It may be important to know if those forces will continue for a while.

To obtain an estimate of the potential benefit of this study, we must assume that we take as a policy goal full free trade in primary agricultural foodstuffs across Eastern and Southern Africa. We can speculate that about half of the informal cross-border trade in foodstuffs represents movement that follows existing comparative advantage, but which is subject to a cost of evasion that would not be incurred with full free trade. We assume further that, at full implementation, after 6 years, half of all such trade between countries in the two regions will be completely open - no paperwork of any kind, including phytosanitary documentation. That means that one-quarter (.5 * .5) of total trade will no longer face evasion costs. Imputing a value of $4/mt for debulking, transporting, and rebulking to cross borders, and assuming informal cross border trade in such commodities across the region averages 2 million tons in a year, we derive a benefit of $2 million dollars per year in savings on handling costs alone. Assuming the savings begin 1 year after study completion, at $500,000 in the first year, and increase by $500,000 each year for the following 3 years, we obtain a total savings of $7 million from this study over the next 6 years.

To the extent removing barriers to free trade changes the flow of trade and reduces the cost of meeting national food needs, there would be additional benefits. We are somewhat skeptical that such benefits are substantial, beyond what is already being exploited illegally. In Africa, public sector interference in the movement of most commodities does not, in our opinion, limit the flow as much as it increases the costs of that flow. Reducing that friction is where the big savings are.

4.8 Electronic Communications Network

This activity involved using the example of the SAFIRE (Southern Africa Information Exchange) network set up during the 1992 drought to provide electronic communication for researchers working on all dimensions of the RTAA. The system, known as TRADENET, uses a Washington, D.C. hub to operate an e-mail system, file formatting system, and document archive. Currently, about 40 researchers and institutions are hooked to TRADENET. In January 1997, it is anticipated that the hub will be move to Swaziland. Money ($50,000) has been budgeted/spent for this activity under the Technoserve and University of Swaziland contracts.

4.8.1 Review and Assessment of Reports

There are no reports on TRADENET other than a users manual.

4.8.2 Overall Usefulness and Impact of Activity

Development of TRADENET began when the Internet was only emerging as a worldwide phenomenon. In comparison to Internet access providers, TRADENET is slow, but better able to handle large files without first breaking them down. The turn around time for messages is commonly 2 days or more because all calls originate from the U.S., a move designed to save on international and national telephone charges.

Use of TRADENET has grown about 100 percent over the past 2 years, as the number of countries participating in project studies increases and nodes are installed. CARPA technician Rose Ali was trained in Washington and provides technical support to the country nodes, having recently assumed this responsibility from the Washington-based personnel who maintain the hub. Washington personnel still maintain a document library that contains all project technical reports and information on research topics that is available upon request from project researchers. The breadth of the document library is not yet large.

Many people believe that TRADENET should be replaced with a local access internet system. Since TRADENET began, most countries have acquired local internet access facilities, although of widely varying line quality, speed, and cost. The internet would provide more rapid turn-around time and would open up a wealth of information for African researchers. The overall cost, including local access and local telephone charges, should be no more than that for TRADENET. The upcoming transfer of the hub to the University of Swaziland, planned for January 1997, would provide an excellent opportunity to make such a switch.

TRADENET has improved communications between researchers who use it, but many of them are still not comfortable with it. For e-mail, those who are attached to universities and large research institutes sometimes have other alternatives. For data files and reports, the system has not yet accumulated a significant library of material for accessing. Most users with whom we spoke welcomed reading materials related to their work that are sometimes communicated from the system operators in Washington, and find them generally helpful. However, there is little of the specific types of data they need for their studies, although certain data, such as UN Trades Runs, can be downloaded to them by the system operators.

TRADENET, or an Internet substitute, offers potential for accomplishing the objectives of any project that relies on a network of African researchers to undertake the work. Most African researchers are isolated from materials in other countries and have limited budgets for long distance phone charges and photocopying. Being able to download files and documents electronically could help overcome some of these constraints.

Most of the kind of material African researchers would need is not yet available in computer format. Once it is, the network could lead to enormous savings in research and travel time as researchers are able to substitute electronic searches for physical travel and library searches.

To reach the full potential for TRADENET, there needs to be an evolution from connectivity concerns to filing, storing, and information dissemination concerns. As the database grows in depth and complexity, a computer documentalist will need to catalog electronic documents and assist researchers in tracking down specific reports or data. Obviously, it will take a long time for the database to become a meaningful source of data for broad-based research. But by beginning now to ensure that all reports and all computerized data sources are entered into a centralized database accessible to all African researchers through a national phone call, USAID can make a substantive contribution to the effectiveness of an indigenous policy research capacity. In addition, having made the investment to train Ms. Ali, it makes sense to give her the opportunity to develop TRADENET into an effective dissemination tool.

The GHAI countries are looking at the example of TRADENET. Ms. Ali has been asked to assist in trouble shooting the installation in these countries. She is also helping to connect ministries of trade with the SADC secretariat, fulfilling a U.S. commitment under the GORE-SADC Memorandum of Understanding of December 1995.

Individual research activities realize the benefits of TRADENET, and we suggest not trying to measure it directly.

5.0 QUALITY OF IMPLEMENTATION BY TECHNOSERVE AND THE UNIVERSITY OF SWAZILAND

5.1. Technoserve

Technoserve's performance appears to be good for virtually all the activities. There were, quite surprising for an evaluation, no complaints about its administrative, financial, or logistical support to researchers or subcontractors, only praises. Virtually all of Technoserve's subcontractors commented quite positively on the critical technical support provided by it and USAID, REDSO Agriculture and Natural Resource Office (REDSO/ANR) and AFR/SD, and the mutual respect in the exchange of ideas and information. Most noted that the final decisions were usually left up to Technoserve. The only negative comments we heard were that Technoserve is a bit too severe in forcing adherence to the terms of reference of the studies and a bit too stingy with USAID's money. Probably, Technoserve's only drawback is that it is a U.S. PVO. However, all its logistical and technical personnel are Kenyan, and they did all the work in which Technoserve has been involved. It is difficult to see what more can be expected from Technoserve.

Technoserve seemed generally consistent in following competitive procurement procedures, although key people such as Dr. Akello-Ogutu and Dr. Magagula were identified as unusual resources that merited directly negotiated agreements. The flexibility of a cooperative agreement allowed Technoserve to latch onto these individuals.

The technical support provided to the cross border trade studies by Technoserve's research coordinator, Dr. Ackello-Ogutu, and his assistant Protese Echessah, received high praise. To ensure that the work is done well and on time, Technoserve, Dr. Ackello-Ogutu, and Mr. Echessah have adopted a hands-on management style that involves extensive field supervision. The team leader makes unheralded frequent field visits that keep supervisors and enumerators on their toes, checks the data to make sure it is not "cooked," and provides methodological guidance for all the participating researchers. Dr. Ackello-Ogutu and Mr. Echessah visit the Kenya-Uganda border observation points and all the other observation points on the Tanzania/neighbors, Malawi/neighbors, and Mozambique/neighbors study sites.

Technoserve also provides the administrative, financial, and logistical support for each country team. All of the contractors with whom we spoke had only praise for the timeliness of their reimbursements and their follow through on administrative detail. Technoserve is audited each year by Price Waterhouse without incident. It has not yet been audited by REDSO/ESA, although there are funds in the project to do so.

5.2 University of Swaziland

We did not have the opportunity to gather as much information from the University of Swaziland's subcontractors as for Technoserve, having visited only South Africa, Swaziland, and Malawi, and phoned Zimbabwe. However, what we found was as positive as for Technoserve. On the logistics side, one person noted that the university did not have the same resources as was available in South Africa for making travel arrangements, but that was to be expected given the university's location. In Zimbabwe, there was a 3-month delay in effecting a bank transfer of start-up funds. A similar problem delayed start-up in Tanzania past the opportune time to begin fieldwork (this study is now in full swing). These delays do not appear to be due to anything that the university or USAID can control directly. In the future, CARPA intends to send a check directly to the respective technical committee rather than through the banking system. Since this procedure was suggested by the affected technical committees, there will, presumably, not be similar delays in clearing the checks for immediate use.

As with Technoserve, country researchers felt the technical support provided by CARPA was timely, good, and respectful of their points of view.

CARPA has not yet been audited; its first official audit begins this week. REDSO/RFMC made two visits to provide guidance in setting up a financial accounting system. They are satisfied that CARPA is complying with their recommendations.

Apart from the delays mentioned previously, no one reported problems with reimbursement or travel expenses. CARPA reported that it receives good support from the University of Swaziland, although it would like to see more interaction between CARPA and university faculty.

One issue that needs to be flagged now is a misunderstanding about the list of studies under Swaziland cooperative agreement. Dr. Magagula was not clear about responsibility for two studies. One concerns delineating the main transportation routes and costs of moving cargo along selected corridors in South Africa. The other is a comparative cost analysis between the ports of Mozambique and South Africa. He is under the impression these components will be covered by the transportation cost studies, not realizing, perhaps, that none is planned for Southern Africa. The AFR/SD project manager needs to clarify this with CARPA.

6.0 QUALITY OF MANAGEMENT BY USAID

One reason for a cooperative agreement is to facilitate substantial involvement of USAID with project implementation. For the RTAA, the close collaboration of REDSO/ESA and AFR/SD has been a key ingredient in project success so far. It is difficult to see how the substantial accomplishments relating to incorporating African researchers, policy makers, and the private sector through the mechanism of the technical committees and workshops would have been achievable in another contracting environment.

The cooperative agreement contractors, subcontractors, and African nationals with whom we spoke agreed that USAID involvement has been helpful, skillful, and welcomed. Most commented that the outcome might have been different had that support not been there, or if it had been provided by individuals less skillful in managing people. Our own experience with the USAID project managers confirms this.

We did not meet nearly as many USAID mission people as we did Africans and contractors. Most of the country mission staff we were able to interview were foreign service nationals. They generally concurred in the quality of support provided by REDSO/ESA and AFR/SD and strongly endorsed the technical committee/workshop format.

There seems to have been somewhat of a division of labor between REDSO/ESA and AFR/SD regarding their geographical emphasis, the former concentrating on Technoserve, and the latter on the University of Swaziland. It might be desirable to mix their oversight a bit more. The director of CARPA noted with some disappointment that the REDSO/ESA manager had not yet visited the center, and he, himself, gets to Nairobi only once per year. He noted that the USAID managers were helpful when they were there, but felt there needed to be more face-to-face contact.

He also felt that CARPA and Technoserve would benefit from occasional meetings to share what each other is doing. This seems eminently sensible to us, especially given the nature of the diffusion process being used by the project and the nature and purpose of the cooperative agreements. It would also establish a competition between the two contractors, probably resulting in a quicker transfer from one to the other regarding what works better.

The outlook for the future for the Regional Trade Initiative is certainly promising as long as the activity continues to benefit from the type of leadership it has had to date. Although they are needed to ensure successful completion of the current phase of the project, in the event Joe Carvalho and Brian D'Silva are assigned other work, their successors should be carefully chosen. To gain acceptance by local Africans, a key requirement if those same Africans are to develop ownership of the study results and implications, any replacements should have personalities that cause them to be perceived as being helpful to everyone and a threat to no one. It is not easy to find Americans that can do this successfully. This, more than anything, may limit the replicability of the success of this type of activity.

7.0 CONTRACTING PROCEDURES AND RELATED ISSUES

It appears that REDSO/ANR used the correct procedures in making a noncompetitive award for a Cooperative Agreement with Technoserve to undertake a series of studies on regional trade in East and Southern Africa. In an undated memo to the REDSO Acting Director, through the Chief REDSO/ANR, the "Justification For Noncompetitive Award" is shown in considerable detail.

Authority for this is in Handbook 13, Chapter 2B.3.b, which states that competition is not required for "Assistance awards for which one recipient is considered to have exclusive or predominant capability, based on experience, specialized facilities or technical competence, or based on an existing relationship with the cooperating country or beneficiaries."

The procedure to follow is detailed in Handbook 13, Chapter 2B.4, which states that "noncompetitive awards must be justified in writing by the technical office" and "the justification shall be submitted to the cognizant grant officer for review."

In the same memo, the project manager showed that the proposed recipient of the Cooperative Agreement was considered to have predominant capability for undertaking the analytical activities detailed in the statement of work provided in this PIO/T. The criteria used were as follows:

- Existence of headquarters or branch office in Nairobi, Kenya;
- Capacity to manage activities using existing field staff, thus keeping costs down;
- Field presence in regions where the studies were to be conducted;
- Experience in trade issues in East and Southern Africa;
- Experience in satisfactorily implementing Cooperative Agreements with USAID; and
- Capabilities and experience in subcontracting according to USAID regulations.

The review considered other nonprofit organizations: AERC, HIID, and the Agricultural Economics Department of the University of Nairobi. For various reasons mentioned in the memo, all of which appear valid to us, these organizations were not as well positioned as Technoserve to do the work. Thus it was determined that Technoserve had a predominant capability to fulfill the activities described in this PIO/T.

In a subsequent memorandum through the Chief of REDSO/ESA/ANR, dated July 20, 1993, the project manager noted that he had reached agreement with Technoserve. This memo alerted relevant REDSO offices of his intentions to award a noncompetitive agreement to Technoserve. This memo cited the same justification as the earlier one.

Whatever the present concerns about the wisdom of this course of action, in retrospect, it appears that the project manager did the necessary homework and followed proper procedures.

The issue of using a cooperative agreement for an activity that has grown large enough to be handled as a contract still needs to be confronted. We would argue that RTAA's underlying philosophy requires a cooperative agreement rather than a contract. This activity is based on the well-grounded assumption that who supervises and conducts policy oriented research, and their link to the policy making process, is just as important to the policy outcome as what the study covers. In other words, process is as important, or more important, than product. Unless the purpose of a study is to provide information for USAID planning and programming purposes, it is likely that competitive bidding, unless severely constrained by qualification criteria, may select out those individuals and organizations better placed to translate results into policy, or better placed to build a regional capacity for one or another kind of research and analysis. Only if one views the study report itself as the primary output would open competitive bidding make sense.

The question of ability to respond quickly to opportunities also comes in to play. The implementation phase of the study on comparative costs of transportation in East Africa provides an example. Rapid and flexible movement toward implementation was made possible by the flexibility included in the cooperative agreement. It also facilitated using the same people for pushing implementation who were involved in conducting and analyzing the study, and therefore knew what changes need to be made to policy and operating procedures to reduce transportation costs. That some of these people were the same individuals who make policy in this area is what makes the approach of this project unique. One cannot obtain these individuals if one must issue a contract every time an opportunity arises.

8.0 CONTRIBUTION OF ACTIVITIES TOWARD REDSO/PARTS/GHAI/ISA OBJECTIVES

The REDSO/ESA Strategic Plan, 1996-2000 notes that the absence of a regional focus is one of the more significant constraints to development of the East and Southern Africa region. Although development problems in the countries are similar and their natural resource endowments share many commonalities, "...they neither exchange information nor collaborate in finding common solutions." There has been relatively more progress in Southern Africa, where SADC has emerged as a major force for regional economic and political cooperation. But in East Africa, the search for effective regional institutions is just resuming after nearly 20 years of insular political and economic policies.

REDSO realizes that many of the development problems that East and Southern Africa countries face are regional problems that transcend national boundaries and lend themselves to regional solutions. To this end, through ISA and the GHAI, REDSO has begun assuming a major role in promoting greater regional economic and political cooperation in the region. Circulation of REDSO staff throughout the region as it supports individual USAID missions gives it a unique perspective for identifying and supporting measures to do this. RTAA represents a significant thrust in this direction. It substantially supports REDSO's overall goal of broad-based sustainable development in the East and Southern Africa region and its subgoal of strengthening regional capacity and cooperation to achieve sustainable development.

The RTAA is intended to contribute directly toward achieving REDSO's strategic objective #2 and related results indicators:

1. Improved availability of regional information in priority development areas;
2. Improved models and technologies for use in priority development areas;
3. Enhanced dissemination of critical regional development information;
4. Increased regional collaboration in addressing critical regional development issues; and
5. Strengthened human and institutional capacity to generate, analyze, and use critical regional development information.

The RTAA supports REDSO's strategic objectives #2 and #3 by providing regional trade studies and regional trade analyses. The comparative cost of transportation study is aimed at helping agribusinesses by reducing costs and inefficiencies in transportation, thereby making it easier and more profitable to conduct all trade and business. It also has an impact on food aid flows and food security.

Within the REDSO strategic objective #3 team, food security is defined as access by all people at all times to enough food for an active and healthy life. Clearing the obstacles so that agribusinesses can operate efficiently and at low cost is an excellent way to improve food

security. The obstacles may be policy, operational procedures, unnecessary delays of transport vehicles, infrastructure, bribes, graft, and many other things.

The RTAA is intended to contribute indirectly to strategic object #3 by improving the basis for implementing the GHAI and for quantifying people-level impacts. GHAI objectives as they pertain to this project include:

1. Strengthened support for effective regional and national food security strategies,
2. Increased capacity in the region for conflict resolution, and
3. Greater regional collaboration in promoting sustainable economic growth.

It is difficult to imagine an activity that contributes more fully to strategic objective #2 than the RTAA, more for how it does what it does than for the specific information which the studies produce. The most recent project implementation review shows that it had met from 50 to 95 percent of its intermediate results targets for most activity indicators as of June 1996. Each results indicator, in turn, contributes indirectly to objectives one and three of the GHAI.

For the GHAI, the development of a truly participatory process is considered more important than any specific activity. If, in the end, there is an institutionalization in the region of the collaborative process, then the GAHI will be judged a successful endeavor.

The Policy, Analysis, Research, and Technical Support (PARTS) project purpose, against which the activities are to be evaluated, is to increase the use and influence of information and analysis for agricultural and natural resources policies, programs, and projects in Sub-Saharan Africa. The evolving process for digesting and diffusing the RTAA results plays into this purpose very well. It is still too early to determine just how effective this process will be in leading to policy change, but isolated results to date and statements by public officials elsewhere suggest that it will be substantial.

Finally, the RTAA addresses strategic objectives #3 and #4 of the ISA directly and strategic objective #2 indirectly. These are:

Strategic objective #2:	Increase Business Development and Ownership;
Strategic objective #3:	Establish Key Regional Conditions for Sustainable Increases of Productivity of Agriculture and Natural Resources; and
Strategic objective #4:	Increase Efficiency, Reliability, and Competitiveness of Regional Transport and Telecommunications Infrastructure.

The heavy reliance on African consultants, consulting firms, and research centers, both via the demand for services which the RTAA provides, as well as the professional development engendered by close collaboration with the REDSO/ESA and AFR/SD project managers, contributes to the ISA strategic objective #2. The ultimate impact of the project on the freedom

of trade, transportation costs for agricultural products, and policies that limit inputs or restrain development of better inputs, addresses strategic objectives #3 and #4. As we have said previously, much of this impact is still in the future. But the process for moving from analysis to policy change and impact is well underway, and early indications are that it will succeed.

REDSO's Strategic Plan, the PARTS project, the ISA, and the GHAI put much more emphasis on building links among African researchers and research and policy analysis than comes out in the strategic objectives or the results indicators. They also give more attention to the development process than to individual projects, a critical distinction if RTAA's potential impact is to be fully appreciated.

Every development project has several dimensions of impact. Traditionally, we have focussed on the direct output of the project (e.g., the increase in production or trade, the reduction in costs, the report, and its recommendations). Building local capacity sometimes gets billing, but seldom with much realistic although to how that capacity will continue to develop after project completion.

The RTAA emphasizes building local capacity and adds two dimensions to the output matrix that require a different approach to how its activities are contracted, executed, and evaluated: who does the study, and how is he/she/it connected to the policy environment to be changed. It is in these latter dimensions that the project clearly excels. Whether or not these elements were seen as important from the beginning, they have proven to be significant, and project implementors are now building on the successes these dimensions are promising.

9.0 CLIENT PERCEPTIONS REGARDING OVERALL USEFULNESS OF ACTIVITY

In East and Southern Africa, the RTAA was discussed with people in the public and private sector. Regional trade is clearly accepted as an important function that is critical to the overall welfare and food security of the nations of East Africa, Southern Africa, and the Greater Horn of Africa. In principle, most key informants, whether in government or the private sector, agree that reforms that make this trade more efficient are in the best interests of everyone except those who now benefit from the inefficiencies, graft, or bribery in the current transport context.

The reception by governments and regional bodies, such as the East African Cooperation, given to the study of Comparative Costs of Transportation in East Africa is an indication of the importance they attach to this issue. It is an accepted fact that reducing the transportation costs will facilitate trade; because the study aims to do that, it is worthwhile.

Although the existence of this particular transportation cost study is known in some government and private business circles (primarily those who were directly involved in producing or implementing it), some of the people interviewed had only casual knowledge or no knowledge at all about the study or the future plans. This is not too surprising because the implementation process only recently began.

On the other hand, everyone interviewed was interested in the possibility of reducing transportation costs. In discussions with the Agribusiness Development Center (in Kampala), there was unanimous agreement on the importance of lowering transportation costs and making the transport systems in the region more efficient. It is seen as being of critical importance in increasing the competitiveness of Uganda's agricultural exports. The goal of reducing costs and reducing transit time is important to the entire trade system whether it concerns inputs or end products.

Another example of an interested organization is the Uganda Investment Authority (UIA) in Kampala. Although the UIA was invited to initial meetings, it had not kept in touch with the analytical activities. However, the UIA immediately recognized that successful implementation of the EATS agenda would help the UIA induce foreign investment in Uganda. The Deputy Executive Director of UIA pointed out that when he talks with potential investors, one of the biggest constraints he faces is the high cost of transportation, particularly since Uganda is a landlocked country. The UIA plans to contact Mr. Nimrod Waniala and pursue this matter further.

Findings of the cross-border study in Malawi, unlike in East Africa's case, appear to be known by the government. From the beginning, the coordinating committee sought to involve senior government personnel and field officers from the trade ministry, customs, and the national statistical office in the study. The study team in Malawi has already used several government officers and apprised others of the study. Those involved in assisting the study were the Chief

Trade Officer and the Assistant Controller of Customs and Excise. This allowed the team to obtain silent cooperation at border points, access data from government offices, and obtain client (government) ownership of the results. Similarly, the Finance Minister in Mozambique has been a keen supporter of the cross-border trade study, with the information helping formulation of trade policy in that country.

Regional governments appear to have warmly received the comparative cost studies and structural adjustment analysis for Southern Africa. Some of the initial findings have been presented at various fora such as the SADC secretariat, the SADC Food Security Coordinating Group, and Ministers of Agriculture for Southern Africa. The recent Free Trade Protocol (August 1996) signed by all SADC countries except Angola, has, as its cornerstone, the principle of comparative advantage in agriculture.

The governments in Southern Africa also appear open to receiving and using study results. Technoserve is working to achieve similar reactions and cooperation from Eastern Africa governments.

10.0 CONCLUSIONS, COST-EFFECTIVENESS, AND RECOMMENDED MODIFICATIONS

Although the analytical agenda was laid out at the beginning of the study, a great deal of flexibility has been built into the process of implementing it. This is a key strength of this activity: its ability to seize on opportunities to advance policy dialogue as they form spontaneously.

The approach of the RTAA for moving from study design to policy reform increases cost-effectiveness by consulting with the ultimate consumer in the initial phases of a project to determine what is needed and what will be useful. This increases the chances that the results of the activity will actually be translated into effective policies.

This approach has involved consulting with Africans to get their views on what was needed and giving them an opportunity for input in the formative stages of the activity. This approach, we expect, provides a greater chance that African governments and private sector participants will own and use the end results. Essentially, this means doing some market research to determine what the market wants and will accept and then producing a product that the market already has helped to select and design.

For most of the activities under the RTAA, we have no real estimate of potential cost savings or production increases. However, we can speculate. If policy changes reduce port clearing and transport costs for transit shipments to the landlocked countries in Eastern Africa by 10 percent on half of the flow of trade, the savings would eventually amount to $13 million ***per year***. We suggest using a much lower figure of $15 million over the next 6 years. For the countries in the northern tier of the Greater Horn of Africa, a number equal to half that amount seems reasonable. If freeing up cross border trade for primary agricultural products reduces transport costs by 10 percent, on 1/4 of total non-formal trade in agricultural commodities, the savings on the Kenya-Uganda border alone would be $200,000 per year, assuming a savings of $4 per ton on total average trade of 200,000 tons in an average year. Three borders of this magnitude would produce annual savings of $600,000 for 1 country. For the region as a whole, we recommend being more conservative, projecting savings of $7 million over the next 6 years for all of Eastern and Southern Africa. One can do the same kind of ballpark estimates based on the volumes in question and a realistic estimate of cost savings or production increases for just about any commodity. It is important, however, to allow for added costs required to get the added benefits in estimating net benefits.

For example, making better bean seed available might double production on 10 percent of bean area. But there would be the added cost of the improved seed over traditional seed, any additional fertilizer or labor inputs required to realize the added production, threshing and bagging costs for the increased output, any increase in extension costs required to diffuse the

improved seed, etc. In the final analysis, only 15 percent of the increase in production may represent net value added for the economy.

In summary, we estimate that the minimum return to the RTAA over the next 6 years will be at least $30 million. With a much higher degree of confidence we can say that, if many of the various recommendations are put into effect, the savings will be considerable. For the RTAA, the consensus of opinion is that the overall impact and cost effectiveness justifies the expenditures.

To summarize our recommended modifications for this project:

1. Increase representation of the private sector and technical and planning people from the ministries of agriculture, plan, and commerce on the technical planning committees for the studies.

2. Have each author prepare, and the technical committee review and approve, a condensed version of each study for distribution to all technical and policy related personnel in all ministries and private organizations affected by the subject matter.

3. Prepare readable summaries of the reports and workshops for the media, so that the findings can be discussed, and form a public groundswell for progressive economic and social reforms.

4. Sponsor post-study round-table discussions of the methodology and fieldwork to improve the skills of African researchers.

5. Make each report discussion workshop responsible for identifying 10 to 15 critical policy issues that need to be addressed and monitor their implementation. Each committee should estimate the likely payoff from making each of the desired policy changes.

6. Consider funding one entity to serve as a GIS resource center for project studies and have that center provide the other research teams in the region with individual data files created with whatever aggregation criteria each country team wants.

7. Clarify with CARPA the nature of the studies REDSO expects it to carry out relating to the cost of transport and comparative costs between South African ports.

8. Schedule regular meetings between CARPA and Technoserve to share what each other is doing.

9. Maintain the cooperative agreement structure and the active involvement of REDSO/ESA and AFR/SD in project management.

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Annex A **List of Persons Contacted**

LIST OF PERSONS CONTACTED

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